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UNCLAS SECTION 01 OF 02 MONROVIA 000102

SENSITIVE
SIPDIS

STATE PLEASE PASS TO GOVERNMENT ACCOUNTABILITY OFFICE FOR
ACTING COMPTROLLER GENERAL GENE DODARO AND MANAGING
DIRECTOR FOR INTERNATIONAL AFFAIRS AND TRADE JACQUIE
WILLIAMS-BRIDGERS

E.O. 12598: N/A

TAGS: [EFIN](#) [EAID](#) [ECON](#) [PINR](#) [LI](#)

SUBJECT: LIBERIA: GENERAL AUDITING COMMISSION REAFFIRMS
ANTI-CORRUPTION COMMITMENT AND REPEATS REQUEST FOR ASSISTANCE

REF: 08 MONROVIA 936

1. (U) Summary: During an introductory call by the Ambassador, Auditor General (AG) John Morlu II praised President Sirleaf's commitment to anti-corruption and reaffirmed his support for her efforts to improve transparency and accountability in government in the face of frequent resistance. Morlu emphasized that the decision to prosecute misconduct remained a "political" one but that the imperative to improve financial management systems was a matter of good governance and the audits produced by the General Auditing Commission (GAC) were already encouraging several ministries and agencies to act. Ambassador praised the GAC's work and stressed that incidences of corruption revealed by the audits should be seen as a testament to the President's commitment to transparency rather than an indictment of her administration. Morlu thanked the U.S. General Accountability Office (GAO) for inviting him to visit and welcomed any support the GAO might be able to provide to further improve capacity at the GAC. End Summary.

2. (U) In an introductory call January 26, Ambassador congratulated AG Morlu for his work in rebuilding the GAC as an institution and for the completion of several professional audits. She explained that the audits were a crucial component of efforts to reform economic governance in Liberia and emphasized that evidence of corruption revealed by the audits and publicized in the press were a testament to the new commitment to transparency of the GOL rather than an indictment of the administration. Morlu agreed that support for his work from the President had been resolute. He noted that the President should be proud of her dedication to the independence of the GAC. (Note: As part of her role on the Governance Reform Commission in 2005, now-President Sirleaf pushed forward an amendment to reinforce the independence of the GAC, shifting it from the Executive Branch to an autonomous institution that reports to the Legislature. She also gave up the right to recruit the AG in 2007 and instead turned over selection of an independent auditor to a European Union-sponsored recruiting firm. End note.)

3. (U) Morlu said that initial audits confirmed that most ministries and agencies lack appropriate financial management systems and that large variance remains between ministry payrolls and the official civil service rosters. In some cases (notably the Ministry of Finance), he said the audits have spurred ministries to take appropriate action while in other cases agencies have been less willing to change. The AG emphasized that although the decision to punish misconduct has a political dimension, the GOL should be firm in support of GAC calls to improve internal control systems. He also stressed the importance of getting all accounts (including public corporations and autonomous agencies) on the national budget so they are subject to transparency and accountability standards.

4. (U) The AG recounted his recent meetings in Washington with the General Accountability Office (GAO) and thanked the Acting Director for his support. Morlu explained that the GAC could use additional assistance in building capacity through training programs,

scholarships or even audit manuals. He noted a particular need for specialized technical assistance with upcoming financial audits of the Central Bank of Liberia and the Public Procurement and Concession Commission.

15. (SBU) COMMENT: The GAC audits are one of the most critical elements of GOL efforts to institute sound financial management and good governance. Publication of the audits is a milestone for Liberian transparency and a catalyst for enhanced accountability. The quality of the audits and Morlu's efforts to create a credible supreme audit institution are unprecedented.

16. (SBU) Resistance to GAC audits remains widespread and personal. For instance, at the President's State of the Union address January 26, a group of mid-level GOL officials reportedly attacked and threatened the AG in a public scene. In response, the AG wrote to the President to request that she investigate the incident.

17. (SBU) The AG has come under fire before and will continue to face resistance, but thus far has seemed to counter those attacks. While it is true Morlu does have some eccentricities, his reputation in attacking corruption is strong. Post will continue to support GOL efforts to improve public financial management systems through the Governance and Economic Management Assistance Program (GEMAP) and would welcome any additional direct assistance to the GAC proposed by the U.S. GAO. END COMMENT.

18. (SBU) BIOGRAPHICAL INFORMATION: John Sembe Morlu II is the nephew of former presidential candidate and former Commissioner of the Bureau of Maritime Affairs, John S. Morlu. He was appointed Auditor General through a competitive selection process managed by the European Union which also funds the AG's salary and other

MONROVIA 00000102 002 OF 002

assistance to the GAC. Before his appointment, Morlu worked for Unisys Corporation as audit manager. He also worked for BearingPoint (formerly KPMG) as senior consultant with the Departments of Justice and Homeland Security and served as Senior Financial Analyst for Teligent, ensuring compliance with US Security and Exchange Commission public financial reporting guidelines. Morlu holds an MBA in Finance from Johns Hopkins, a Masters in International Commerce and Policy from George Mason University, and double bachelors in Economics and International Relations from the University of Virginia. Morlu also holds several professional certifications including Certified Management Accountant (CMA), Certified Fraud Examiner (CFE), Certified Financial Manager (CFM), Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP), and Certified Masters in Business Administration (CMBA). Morlu is often embroiled in controversy. Soon after accepting the position as AG in April 2007, Morlu accused the government of President Sirleaf of being "three times more corrupt" than the interim government of Gyude Bryant. He then criticized the GOL's 2008 draft budget as incoherent. The House of Representatives fined him L\$4,999 (US\$ 900) in 2008 for failing to honor a summons (the Supreme Court later ruled in Morlu's favor). His downsizing policy at the GAC in 2008 was criticized by some employees as a witch hunt. And he was involved in a public spat with the Governor of the Central Bank of Liberia after he accused the Bank of refusing to cooperate with the GAC audit. Currently he is at war with the Deputy AG, who was appointed by the President but is considered incompetent by Morlu. Often in these matters, the President has intervened personally to resolve matters and defend the AG.

THOMAS-GREENFIELD